2016 SCDP Application Training Webinar

Welcome!



2 Step Process

- Preliminary Proposal
- Application



What Is New?

- Minor revisions of SCDP deferred/installment loan questions
- More activities encouraged for Comprehensive Applications
- Leveraging RD, MHFA
- Commercial Rehab Terms



Program Concept(Outlined In Full Application)

- Provides detailed information about the program
- Explains the process
- Covers who is eligible
- Identifies SCDP focus
- Provides time frames



Program Concept Sections

- Program Goal
- Background
- Program Objective(s)
- Eligible Applicants
- Eligibility Restrictions
- Contracting for Professional Services
- Funding Availability



Program Concept Sections (continued)

- Forms of Funding
- Types of Applications
- Eligible Uses of Funds
- Funding Award Process
- Application Review Process
- Technical Assistance
- Submission Information



Program Goal

- Develop viable, eligible communities by providing financial assistance to address the need for decent safe affordable housing, economic development, and public facility needs, AND;
- Provide a suitable living environment by expanding economic opportunities, principally benefiting low to moderate income households.



Program Objective

- Must meet a Federal Objective: LMI, LMA, S&B
- 70% of HUD allocated funds (all projects) must serve Low/Moderate income
- See SCDP A to Z Guide for Additional Information



Eligible Applicants

Cities with populations under 50,000

 Counties and townships with unincorporated population of fewer than 200,000



Applicant Eligibility Requirements

- No outstanding audits or monitoring findings
- Adequate performance on previous grants
- One application per community
- Projects completed in 30 months



Types of Applications

 Single Purpose Application can be for housing or public facilities activity(ies); \$600,000 maximum (includes administration);

 Comprehensive Application – Aggregate \$1.4 million - \$600,000 maximum per each activity (includes administration)



Definition of a Comprehensive Application

Comprehensive applications are defined as proposals having two or more interrelated projects which by their nature require a coordination of housing, public facilities, or economic development activities.



Federal Requirements

- Environmental Review
- Davis-Bacon (Rental over 8 units, commercial, and public facilities)
- Fair Housing/Equal Opportunity
- Annual Reporting Conditions
- Monitoring ongoing



Eligible use of Funds

See A-Z Guide

Activities Funded by SCDP



Eligible use of Funds



SCDP A-Z Guide

Revised June 2012



Eligible Activities

- Owner Occupied Housing Rehabilitation
- Rental Housing Rehabilitation
- Commercial Rehabilitation
- Public Facilities (includes assessment abatement)
- Community Centers
- Others as listed in the A-Z Guide



Owner Occupied Housing Rehabilitation

- SCDP maximum funds- \$25,000 per unit.
- Deferred loan terms minimum of 7 years
- Interest in program solidified
- Good leverage
 - Sources other than homeowner are encouraged

Note: Smaller SCDP maximums and longer terms are more competitive



Recent Changes-Owner Occupied Housing Rehabilitation

- No rehabilitation of single-wide mobile homes, unless part of a disaster-recover program, even if on a foundation
- Life estates no descending forgiveness allowed with deferred loans (full amount repaid if sold in last year)
- Duplexes can only be done under Rental Rehabilitation and both units need to meet LMI if one unit is occupied by owner
- Contract for Deed and Life Estates If a community opts to allow these, the resident and owner must be LMI
- No SCDP funds used on MHFA MURL homes
- Consider Rural Development partnering



Rental Housing Rehabilitation

- Single family units and duplexes \$25,000 maximum
- Separate types on budget page SF, duplexes, MF
- Others maximum determined on a case by case basis
- Deferred loan term minimum of 5 years/SCDP maximum of 70% project costs
- Show need for rental housing and landlord interest
- Property owners understand and agree to rules of program
- MHFA RFP for larger projects
- MHFA RRDL for smaller multi-unit projects



Commercial Rehabilitation

- \$40,000 SCDP maximum per building
- 80% SCDP maximum of total costs (NEW)
- Deferred loan term <u>5</u> years minimum (NEW)
- Demonstrate how funds will improve community vitality
- Slum and Blight designation, description, and map with application
- Combine rental and commercial for deeper impact
- Property owners understand funding mix and program rules (Davis Bacon)
- Leverage other than owners and banks?
- Match (not SCDP) can be for permanent equipment (not furnishings)
- \$5,000 minimum project (NEW)



Public Facilities

- Must be on PPL (unless no previous system or PCA/Health approval not necessary)
- Clear physical need described
- Generally, storm sewers are not competitive
- Monthly costs per EDU are 1.5% of median income or \$35 per month, whichever is higher
- SCDP (grants) must make significant reduction in average user rates



Assessment Abatement

- Assessments plus projected user rates must be over affordability threshold discussed for public facilities
- Applications must be targeted to abate assessments for Very Low Income (50% of county median) and lower only
- Davis-Bacon will apply to total project
- Would recommend considering only if proposed assessments exceed \$25,000
- If considering, please discuss with the SCDP prior to advancing



Other "Not So Common" Activities

- Acquisition/Demolition
- Acquisition/Rehabilitation-Housing
- Community Centers/Facilities
 - Community Centers
 - Senior Centers
 - Food Shelves
 - Civil Defense Systems
 - Streetscapes & Aesthetics, Art
 - Flood Drainage
 - Emergency Shelters



Braham Community Center

- Community Meeting Space
- Library
- Food Shelf
- Viable operating budget

Budget

\$1,157,951 Private Investment \$600,000 SCDP (of which \$20,000 was admin) \$1,757,952 Total



Streetscapes and Aesthetics

- Must be part of a large community planning effort with other improvements planned
- Likely in downtown or other public gathering areas





Funding Availability

Annual Allocation similar to last year (2015 \$16.5 million)

- 30% Single Purpose Applications
 - Housing
 - Public Facilities
- 55% Comprehensive Applications
- 15% Economic Development (MN Investment Funds-Not awarded by SCDP)



Preliminary Proposal



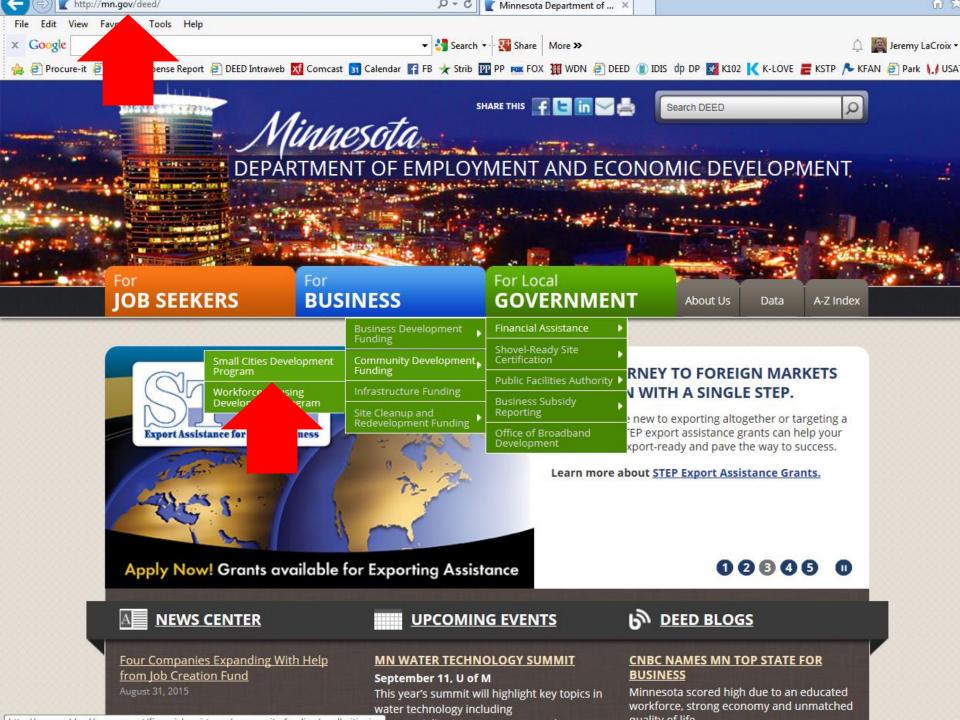
Small Cities Development Program (SCDP) 2016 Preliminary Proposal

Submission Deadline

Thursday, November 12, 2015 4:30 PM

Eligible Applicants must submit one original and one copy of the Preliminary Proposal to be <u>considered</u> for funding to the address listed below. SCDP staff will review and evaluate all Preliminary Proposals submitted to determine which projects are ineligible and how competitive eligible projects would be. If your preliminary proposal is deemed non-competitive, technical assistance with DEED concerning your proposal will occur after awards are announced. Keep in mind that DEED staff is assisting those that are competitive and marginally competitive during the time between the preliminary proposal and the application deadline. Please take the time to become familiar with the program prior to submitting the Preliminary Proposal.









GOVERNMENT **Financial Assistance** Business Development Funding Community Development Funding Small Cities Development Program Workforce Housing Development Program Infrastructure Funding Site Cleanup and Redevelopment Funding Shovel-Ready Site Certification **Public Facilities Authority Business Subsidy** Reporting Office of Broadband Development

Small Cities Development Program

Our Small Cities Development Program (SCDP) helps cities and counties with funding for housing, public infrastructure and commercial rehabilitation projects.

Overview

Apply

Manuals & Forms

Consolidated Plans

Rehab Guides

Contacts

Apply

Funds for the Program are provided by the U.S. Department of Housing and Urban Development (HUD), for the benefit of eligible non-entitlement local units of government (cities, counties, townships) through a competitive application process for a variety of community development needs.

Applicants must adhere to the Application process outlined within the Program Concept (included with the Application), with particular attention to the section, Applicant Eligibility Restrictions. Applications will not be accepted from those who have not followed the process outlined in the Program Concept.

Application Documents

Select the links below to download and print the following documents related the Small Cities Development Program

2016 SCDP Preliminary Proposal

2016 SCDP Application

Application Budget

Application Resolution

Secondary Applying Communities Resolution

Small Cities Application Training

Small Cities Implementation Workshops

Payment Disbursement Request Calendar

HUD 2010 Census – LMI Data for MN Non-Entitlement

SCDP Survey Results Spreadsheet - Example

SCDP A-Z Guide

Citizen Participation Plan - Example

Preliminary Proposal

- Required before application submission
- Used to determine eligibility and competiveness
 - Competitive
 - Marginally Competitive
 - Not Competitive
 - Not Eligible
- Brief summary of need, impact, and cost effectiveness
- Program Income and MIF RFL must be leveraged
- Applicant (city/county) must sign
- MHFA applicants must complete Preliminary Proposal



Common Mistakes

- Not considering administration in \$600,000 maximums
- Exceeding SCDP maximums
- Over-ambitious goals and/or large price tags
- Little or no leverage
- Combined owner-occupied and rental housing request exceeding \$600,000 (combination is not a comprehensive proposal without a public facility or commercial component)



Application



Small Cities Development Program (SCDP) 2016 Application Packet

Application Deadline

Thursday, February 25, 2016 4:30 PM



Application Budget

| Fed. Obj. Codes* | Activity | # of units/goals | SCDP Cost Per unit | SCDP Cost/ without admin | Total SCDP Admin | SCDP Admin % | Total SCDP Costs | Total Leveraged Resources | Source of Leveraged Funds (Mark (c) if funds are committed**.) | Totals |
|------------------------|---------------------------|---------------------|--------------------------|--------------------------------|------------------------|-----------------|------------------------|---------------------------------|---|-----------|
| LMI | Owner Rehab | 20 | 21,250 | 425,000 | | | 425,000 | 63,750 | HRA | 488,750 |
| | Owner Rehab Admin | 20 | 3,187 | | 63,740 | 15.0% | 63,740 | | City (c) | 63,740 |
| S&B | Commercial Rehab | 6 | 31,000 | 186,000 | | | 186,000 | 564,000 | Owner | 750,000 |
| | Commercial Rehab Admin | 6 | 3,750 | | 22,500 | 12.1% | 22,500 | 5,000 | City (c) | 27,500 |
| LMI | Rental Rehab/Duplex | 2 | 17,360 | 34,720 | | | 34,720 | 122,400 | HRA (c) | 157,120 |
| | Rental Admin | 9 | 2,457 | | 22,113 | 63.7% | 22,113 | 2,000 | City (c) | 24,113 |
| LMI | Rental MF | 7 | 3,000 | 21,000 | | | 21,000 | 10,000 | MHFA | 31,000 |
| | | | | | | | | | | |
| | | | | | | | | | | 7 |
| | | | | | | | | | | |
| | | | Totals | 666,720 | 108,353 | | 775,073 | 767,150 | | 1,542,223 |



Application

- Thorough explanation of
 - Need
 - Impact
 - Cost effectiveness
- Documentation needed
 - Resolution
 - First Public Hearing by all communities involved in application
 - Cooperative and Secondary Agreements (if multi-community)
 - Interest lists
 - Slum and Blight Resolution (if applicable)
 - GSIS



If Awarded...

Further Documentation to DEED if Awarded

- Federal requirements: completed by community or all communities for multicommunity applications (not on County applications)
 - Drug-Free Workplace
 - Prohibition of Excessive Force
 - Relocation/Anti-Displacement
- Secondary agreement outlines above elements (see template)
- 2nd Public hearing (attach to 2nd annual report) for all communities including multi-communities
- All existing Program Income (and MIF RLF) balances must be used before grant funds can be released.



Scoring by Activity Type

- State Rules read that scoring will be segregated by the following Activity Types
 - Housing (Single Purpose)
 - Public Facilities (Single Purpose)
 - Comprehensive



Application Scoring

All Applications may be awarded points for the following:

- 90 Points for Need
- 90 Points for Community Impact
- 30 Points for Cost Effectiveness
- 30 Points for Demographics



Housing Scoring Need (90 pts)

- housing units that are occupied by low and moderate income persons are either substandard or pose a threat to the health or safety of the occupants
- 2. an inadequate supply of affordable housing for low or moderate income persons; or
- 3. other documented conditions that give evidence of the need for improvements or additions to the housing stock serving low and moderate income persons.



Housing Scoring Community Impact (90 pts)

Extent to which proposed activities will eliminate deficiencies in the housing stock serving low to moderate income persons:

- How many LMI homes have deficiencies?
- How close are the homes to each other?
- How many of these households are interested in being rehabilitated?
- What makes your community special?
- What is the community's and the administrator's experience with SCDP and similar programs? (formerly scored as capacity)



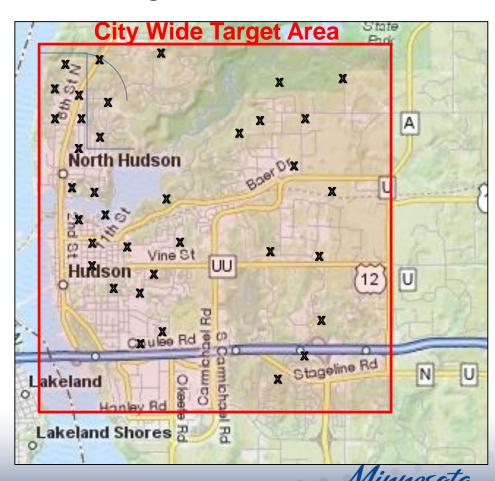
Housing Scoring (Continued) Community Impact

- Extent to which the proposed activities will reduce or eliminate the need
- Smaller geographical target areas with higher density of need will score higher
- Capacity is part of Community Impact



Community Impact Example #1

- Citywide target Area is 5 square miles
- 500 total homes
- 300 are suitable and in need of repair
- 50 interest statements
- Community/Administrator is habitually late on reporting



Community Impact Example #2

- Neighborhood Target Area is 20 square blocks
- 150 total homes
- 100 are suitable and in need of repair
- 50 interest statements
- Community/Administrator reporting is on time

Neighborhood Target Area





Other Community Impact Factors

- Other activities (SCDP or others) increasing community Impact:
 - Other rehab programs, even for other buildings and non-LMI homes
 - Foreclosure, purchase rehab programs
 - Parks, landscaping or streetscaping programs



Housing Scoring Cost Effectiveness (30 pts)

- Extent to which the proposed activities will make cost effective use of grant funds including coordination with, and use of, funds from other public and private sources (leverage)
- Evidence that the cost of the proposed activities per benefiting household is reasonable (including administration costs)



Housing Scoring Cost Effectiveness (30 pts)

- Reaching out, meeting and discussing how to coordinate with RD and MHFA
- Outline of process for working together better than letter
- Example of SCDP/RD Coordination



Public Facilities Scoring Need (90 pts)

The extent to which the proposed activities are necessary to improve provision of public facilities to low and moderate income persons or to eliminate an urgent threat to public health or safety.



Public Facilities Scoring Community Impact (90 pts)

- The extent to which the proposed activities will reduce or eliminate the need
- How are critical health/safety issues resolved by project
- Capacity issues including Davis-Bacon wage rate administration



Public Facilities Scoring Cost Effectiveness (30 pts)

The extent to which the proposed activities will make cost effective use of grant funds, including consideration of:

- the extent to which the requested grant funds are necessary to finance all or a portion of the costs;
- evidence that the cost of the proposed activities per benefiting household or person is reasonable; and the extent to which the project benefits existing, rather than future, population.



Comprehensive Scoring Need (90 pts)

- Number of low and moderate income persons in the program area;
- Percentage of residents in the program area which are of low or moderate income; and
- Need for the proposed comprehensive program shown by the following:
 - Need for improvements or additions to the housing stock serving low and moderate income persons
 - Need for new or improved public facilities in the program area, or employment problems in the program area



Comprehensive Scoring Community Impact (90 pts)

- The extent to which the proposed comprehensive program
 will eliminate or reduce the need identified, and the extent to
 which the proposed program will improve the long term
 physical or economic condition of the program area and its
 residents.
- How do multiple activities work together comprehensively to improve the community?



Other Community Impact Factors

- How slum and blight building improvements will improve overall community?
 - Rehab key community buildings
 - Rehab historically significant buildings



Comprehensive Scoring Cost Effectiveness (30 pts)

The extent to which the proposed comprehensive program will make cost effective use of grant funds, including consideration of coordination with, and use of, funds from other public and private sources.



Demographic (30 Points) (All Activities)

Information for Scoring provided by Minnesota State Demographer based on:

- 1. Number of poverty persons in the area under the applicant's jurisdiction
- 2. Percentage of residents in the areas who are poverty persons
- 3. Per capita valuation of the area. Points are awarded in inverse relationship to per capita assessed valuation.



Strong Applications...

- Have consistent information budgets and narratives match;
- Excellent supporting documentation;
- Are clear and concise;
- Strong capacity
- Follow the format provided (answer all questions for proposed activity(ies)
- Have budgets that add up correctly
- Proofread by someone who did not draft the application



Time Frames

| • | June 2015 | Application Packet available online |
|---|-----------|-------------------------------------|
|---|-----------|-------------------------------------|

| • | November 12, 2015 | Deadline for Preliminary Proposal |
|---|-------------------|-----------------------------------|
|---|-------------------|-----------------------------------|

| • | December 17, 2015 | Preliminary project competitive status provided |
|---|-------------------|---|
| | | to applicants |

- February 25, 2016 Deadline for Applications
- May 2016 Funding Recommendations to DEED Commissioner
- May/June 2016 Grant Agreements/Implementation Workshops



Submission Information

- Preliminary Proposal
 - One original, one copy
 - Due: Thursday, November 12, 4:30 PM
- Application
 - One original, one copy
 - Due: Thursday, February 25, 2016, 4:30 PM

Faxed or e-mailed Proposals or Applications are not accepted



Funding Award Process

 Goal is to send notification letters to awarded and non-awarded in May of 2016

List of awarded grantees also on website

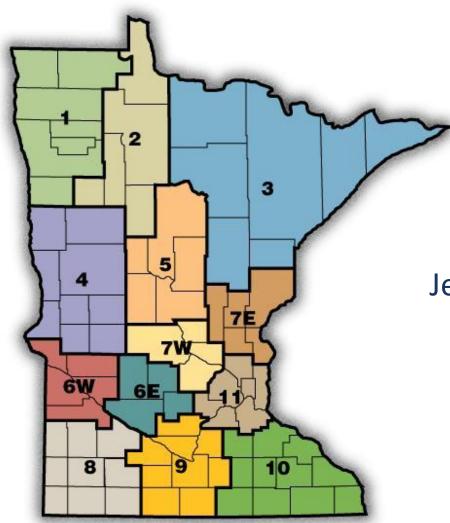


General SCDP News

- Program Income: PI Expenditures: Must use first!!
- No GANs to shift money to admin for additional units if over 15% max per total grant amount
- Additional activities for comprehensive projects
- More attractive Commercial Rehab terms
- Davis-Bacon Update; state scheduled to be surveyed for Building decision in 2015.



New Regional Representative Map



Patrick Armon - 1, 2, 5

Hillary Jasicki – 3, 7E

Jeremy LaCroix - 4, 6W, 6E, 7W, 11

Christine Schieber - 8, 9, 10



Upcoming SCDP Training Sessions

September 15 – Mankato

```
9 AM – Noon Environmental Training
```

1 PM - 3 PM Davis Bacon Labor Standards Training

September 17 – Brainerd

```
9 AM – Noon Housing Rehabilitation Training
```

1 PM – 3 PM Davis Bacon Labor Standards Training

September 22 – St. Paul

9 AM – Noon Housing Rehabilitation Training

1 PM - 3 PM Davis Bacon Labor Standards Training



Technical Assistance

- Workshops
- Call your SCDP Representative
- One-on-One in the field or in our office



Small Cities Staff

Representatives

| Patrick Armon | 651.259.7455 | patrick.armon@state.mn.us | | | | |
|------------------------|--------------|--------------------------------|--|--|--|--|
| Christine Schieber | 651.259.7461 | christine.schieber@state.mn.us | | | | |
| Jeremy LaCroix | 651.259.7457 | jeremy.lacroix@state.mn.us | | | | |
| Hillary Jasicki | 651-259-7504 | hillary.jasicki@state.mn.us | | | | |
| Administrative Support | | | | | | |
| Gloria Stiehl | 651.259.7462 | gloria.stiehl@state.mn.us | | | | |

